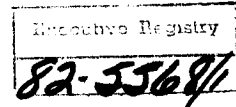




DEPARTMENT OF STATE

Washington, D.C. 20520



July 23, 1982

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Interagency Group No. 2

TO : OVP - Mrs. Nancy Bearg Dyke  
NSC - Mr. Michael O. Wheeler  
CIA -   
Defense - COL John Stanford  
JCS - MAJ Dennis Stanley

SUBJECT: Discussion Paper for SIG Meeting

Attached is a discussion paper for the SIG meeting on Iran scheduled for Monday, July 26, at 4 p.m. in the Department of State. In view of its sensitivity, we ask that this paper be given the minimum possible distribution. Attendees at the IG on this subject were Fry (OVP), Teicher (NSC), Mayhew (OSD), Darby (JCS), and  (CIA).

  
L. Paul Bremer, III  
Executive Secretary

Attachment:

Discussion paper.

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State Dept. review completed

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DISCUSSION PAPER FOR SIG ON POLICY OPTIONS FOR DEALING WITH  
IRAN-IRAQ WAR

This paper reviews possible reasons for tilting U.S. policy toward Iraq in the current Iran-Iraq war. It analyses those reasons and then reviews options that exist should we decide to tilt.

I. Possible Reasons for Tilting Toward Iraq

There are two reasons for considering a tilt toward Iraq. First, some area states have asked us to do so. Second, if Iran achieves its war objectives, it will harm U.S. regional security, political and economic interests.

A. Requests by Regional States

President Mubarak has asked the President for two things: an explicit public statement in support of Iraq's territorial integrity and the sale of U.S. military equipment to Iraq. Mubarak's request reflects similar requests made by King Hussein. The Egyptian and Jordanian calls for a clear tilt in U.S. policy toward Iraq have not been supported by Saudi Arabia or the Gulf states which are currently satisfied with the present U.S. policy of neutrality. They are concerned that a U.S. tilt toward Iraq would cause them long term problems with Iran. The difference in perception may be the result of Saudi Arabia and the Gulf states looking at the existing situation with Iraq having stopped the Iranian invasion thus far, while Egypt and Jordan are reacting to the belief that in time Iran will succeed in its war aims.

So long as the Saudis and the Gulf states support our current policy we expect that the Egyptian and Jordanian requests can be managed without a basic change in our neutral stand. We cannot however discount the possibility that future Iranian successes will alter the Saudi and Gulf perceptions. If Iran eventually occupies substantial territory in Southern Iraq the alarm of the Gulf states will increase sharply. Our response based on present policy may appear to moderate Arab states as inadequate to assure their security.

B. Effects on U.S. Interests and Objectives

The results of the Iran-Iraq war will impinge on four areas of vital U.S. interest: 1) the security of the Gulf and our access to oil and markets; 2) the long range strategic position of Iran, i.e. denying Soviet hegemony and ultimately reestablishing a workable U.S.-Iranian relationship; 3) denial to both radical forces (such as Iran) and the Soviets of leadership on issues through which they can influence significant portions of the Arab people, e.g. issues in the Arab-Israel conflict; and 4) improvement of US military capabilities in the area to deter overt Soviet aggression and, failing deterrence, to fight a conventional war limited to the region while denying the Soviets control of the Gulf.

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### 1. Gulf Security:

An Iranian victory can be defined as crossing the Shatt, encircling Basra, and controlling territory to the Kuwait border. The intelligence community concludes that Iran, heady with success at such a victory, would, at a minimum, expect "accommodation" by the Gulf states. The community anticipates intensified subversion through local Shia communities. Under these circumstances some of the smaller Gulf states might well lean strongly toward accommodating Iranian demands, demonstrating less "balance" in their foreign policies, providing Iran reparations, coordinating with Iran on oil production policy, and adopting internal Islamification tendencies. Others, including Saudi Arabia and Oman, would probably seek security assistance from the U.S. and attempt to obtain military aid from Jordan and Egypt. Because the U.S. had not been able to influence the Iran-Iraq war, however, even Saudi Arabia and Oman may be cautious about closer cooperation with the U.S. They may fear the U.S. cannot be relied upon and seek a low U.S. profile in their countries because of the subversive threat from Iran. Their reactions would depend in part on other events in the region such as the success or failure of U.S. policy in Lebanon and the degree to which the U.S. was prepared to accommodate their needs in the peace process.

### 2. Strategic Position of Iran

We do not anticipate any short term moderation in Iranian antipathy for the United States. We believe, however, that there remain elements in the military and perhaps elsewhere who in the long term will want to moderate Iranian policy or who could form the nucleus of a new government should the Mullahs lose control. We understand that there have been differences inside Iran over the Iranian invasion of Iraq. Since Khomeini personally endorses the attack into Iraq, success would further strengthen the position of the fundamentalist extremism. Failure to achieve Iranian objectives, however, could have an important psychological effect within Tehran, and, over time, might increase grumbling within the professional military corps unless the failure could be clearly attributed to U.S. intervention on Iraq's side. In this case anger would be directed against the U.S. and we could lose potential assets in Iran.

There is disagreement over the likelihood of Iran turning toward the Soviet Union for assistance. Some believe that the pro-Soviet factions in Iran could use a tilting by the U.S. in favor of Iraq to increase Soviet influence in Iran. Others believe that there is deep-seated anti-Soviet sentiment in Iran that could only be overcome in the near term by a significant U.S. attack on Iran.

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### 3. The Arab-Israel Context

Iranian victories over Iraq gave the fundamentalist cause the cachet of success at a time when traditional Arab societies and governments have been humiliated by their impotence in the face of Israel's attack on Lebanon. Further, Iranian success now that Khomeini has linked his objectives to the Palestinians cause and defense of Jerusalem (traditionally the province of Jordan and Saudi Arabia) could further galvanize discontented elements in moderate Arab states to follow the Iranian example. This situation would pose a significant threat if a marriage of convenience were to form between the Palestinian radicals and Shiite fundamentalists.

For their part, the Israelis have seen Iraq as the greater threat to their security and therefore have provided limited support to Iran. Practical U.S. steps to improve Iraq's military potential will disturb Israel, even though some Israelis may be having second thoughts about the implications of an Iranian victory.

### 4. Improving U.S. Military Capability in the Region

The U.S. military strategy for Southwest Asia requires improvements in our capability in the region, for which we will require the cooperation of area states. We seek additional host nation support, facilities access, prepositioning, contingency planning, joint exercises, and interoperability of weapons through the purchase of U.S. arms. If area states believed that the defeat of Iraq was a vital threat to their security and the U.S. did nothing to stop it, they may believe that they cannot rely upon the U.S. for their security. Accordingly, they could reduce their participation in the sorts of programs we require to improve our regional military capability to deter or combat the Soviet Union.

## II. Policy Framework

### A. Current U.S. Policy

Under any conditions we will continue to buttress the security of the Gulf non-belligerents, to try to keep them out of the conflict and to sustain their confidence in us as a force for stability in the region. Under this policy we have taken some steps, and could take additional measures, to respond to rising moderate Arab concerns about their security. (Steps taken, and illustrative steps we might take within present policy guidelines, are set forth in Appendix A.) A major element of our policy toward the war has been neutrality. An important consideration of this policy has been limiting Soviet influence with either Iran or Iraq. The policy of neutrality flows from several basic considerations in our overall strategic approach to the region including the importance we attach to having some balance of power between Iran and Iraq. Saudi Arabia and the Gulf states have long

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looked to such a balance as essential to checking the aggressive intentions of either Iraq and Iran toward the Gulf. Until the Iranian revolution the focus was on the Shah's ability to restrain revolutionary Iraq. After the revolution the Gulf states have seen Iraq as a buffer against Iranian pressure.

Since we believe that a clear victory in the Iran-Iraq war could constitute a serious threat to long-standing U.S. interests in the security of Saudi Arabia and the Gulf states, our policy has sought to bring a peaceful end to the conflict in which the independence and territorial integrity of both countries is preserved. Barring a peaceful settlement, our interests are best served by a military stalemate.

B The Yardstick for Judging a Change in Policy

We want to deprive either Khomeini or Saddam Hussein of a military victory while at the same time avoid alienating Iran's professional military infrastructure. Furthermore, we do not want to adopt policies or postures which are demonstrably ineffective in leading toward a negotiated settlement or military stalemate.

In evaluating the options, we should keep in mind several criteria:

-- Effectiveness: it may be worse if we change our policy and help Iraq, are publicly seen as having done so, and Iraq loses nonetheless. U.S. influence will be seen as ineffectual.

-- Visibility: Some options are less visible than others and may, therefore, have less risks if we fail.

-- Effect on Iran: Depending on one's view of the likelihood of increased Soviet influence in Iran, options should be judged against that possibility.

-- Necessity: Some options that are open to us would help Iraq in ways in which it does not appear to need help. Thus, any U.S. move should be based on a reliable intelligence assessment of Iraqi needs and capabilities.

-- Legal Status: Some steps would require Congressional approval or consultation. The chances of obtaining that approval should be kept in mind.

-- Failure to Act: In deciding whether to adopt an option we should compare the costs of that option against the costs of steps which we might take if Iraq were defeated. Some options on the low end of the spectrum of helping Iraq might have less effect on Iranian attitudes than would the steps that we might have to take if Iraq fell (e.g. large scale military exercises, declaratory policy of protecting the Gulf.)

### III. Possible Options

Since this paper is predicated on Iranian success we will only deal with those options which involve a tilt toward Iraq. Our options for a tilt toward Iraq fall into five categories: A) political support; B) clandestine operations; C) equipment support; D) personnel support; and E) intelligence support.

#### A. Political Support

Political support for Iraq, while it may have marginal psychological impact, will not have any military impact. Statements which go beyond our general support for the territorial integrity of both countries will be seen as hostile acts by the Iranians and, more important, the assumption will be made that we are backing up our statements by clandestine assistance. The effect on Iranian behavior could be counterproductive. Iran could seek to meet the U.S. challenge both through its military operations in Iraq and by attacking our interests in the Gulf. While we might moderate the impact by seeking Soviet cooperation, it is unlikely that such cooperation could have the slightest effect on Iran. Moreover, it is not in our interests to involve the Soviets in regional problems more than is absolutely necessary. In short, political support for Iran fails to meet our yardstick for a change in policy and if taken in the absence of military measures is likely to highlight U.S. impotency.

#### B. Clandestine Operations Against Khomeini

Available evidence indicates that the Khomeini regime, bolstered by military victories and increased oil exports, has been in firm control of Iran with no meaningful opposition among the Iranian population. We probably could not encourage serious anti-Khomeini initiatives among dissident Kurds and Baluchis without the active cooperation of the Turks and Pakistanis. They, however, do not want to risk a direct confrontation with Khomeini or jeopardize profitable commercial relations. A major intervention by us with the Kurds and Baluchis could give the Soviets an excuse to step up their activities in the tribal areas, as well. The anti-Khomeini exile groups, for their part, remain divided and appear to enjoy little popular support in Iran. Many of these exile leaders are seen in Iran as personally tainted by corruption or -- in some cases -- as agents of Iraq. Active measures inevitably leak, thereby further impeding eventual normalization of U.S. relations with Iran. Accordingly, the efficacy of a clandestine operation does not appear to justify the political costs.

#### C. Equipment Support

We could provide Iraq with U.S. equipment directly, or through third parties such as the South Koreans, Jordanians and Egyptians. We could also encourage third parties like the Egyptians and French to step up their supply of non-U.S. equipment.

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Iraq recently has queried U.S. manufacturers about purchases of military trucks and helicopter gunships. We have advised the U.S. firms we would not permit such sales, under authority of the Arms Transfer Act, and in accordance with our policy of neutrality with respect to the Iran-Iraq war. Integration of major items of U.S. equipment in an essentially Soviet and French supplied army would take time and in the short term could weaken the Iraqi army. Training could also pose problems although the Jordanians might be able to provide support in this area. Direct or indirect supply of U.S. equipment, equipment with U.S. components, or U.S. licensed equipment requires notification of Congress and, in the case of indirect sales, certification that we would be prepared to sell such equipment directly. We can anticipate serious problems in Congress, particularly given Israel's probable opposition. Thus there is no practical difference between direct on indirect sales.

Our estimate is that equipment shortages have not been a major factor in Iraq's battlefield reverses or that U.S. would make a substantial difference. (Iraqi failures to date have been due mainly to weak leadership, morale, tactics, and intelligence weaknesses.) Nevertheless, there may be some Iraqi shortfalls particularly in the event of continuing substantial combat. Our estimate is that primary requirements are likely to be in antipersonnel weapons, artillery and ammunition (a preliminary CIA estimate of requirements is attached. We may need to acquire a more comprehensive estimate so that our policy decisions are made on a fully informed basis).

Encouraging the French and Egyptians to step up supply of non-U.S. equipment eliminates many of the problems noted above. Both countries have the ability to make up some of the anticipated shortfalls. We can anticipate that the Egyptians might want replacement of Soviet stocks by U.S. equipment. Such requests could cause us problems depending on the desired delivery dates. Nevertheless, of the options for meeting Iraqi equipment needs to encourage a battlefield stalemate, this is by far a preferred option. There are no guarantees of course that such equipment supply will have a significant impact on the ground. We may not need to take any steps to encourage this option to be implemented. Egypt is already selling substantial amounts of non-origin equipment to Iraq for cash. Nonetheless, we may want to inquire of Cairo and Paris.

#### D. Indirect Support Thru Arab States

Indirect U.S. military support of Iraq, for example by airlifting Egyptian or Jordanian troops, would drive Iran further from us and could increase Soviet opportunities in Iran. Again, the necessary Congressional support would be unlikely in view of general distaste for the regime of Saddam Hussein and opposition from the supporters of Israel. It is unlikely sufficient Egyptian or Jordanian forces could be deployed to Iraq to make a significant difference on the

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battlefield and it is questionable whether or not the Iraqis could or would use such units effectively. The deployment of such forces might, however, effect the formation of a new government in Baghdad should Saddam Hussein fall. To date neither the Egyptians nor the Jordanians have shown any inclination to deploy sizable forces to Iraq. Because of Jordan's own security concerns, it is highly unlikely that Jordan would agree to more than a token military deployment unless the U.S. were to provide some form of commitment to Jordan's security.

#### E. Intelligence Support

Baghdad's most basic need is for accurate and timely intelligence on Iranian unit and equipment dispositions and Iranian intentions.

Providing real-time or near real time intelligence on order of battle, (the information which would have the greatest impact on tactical situation) is virtually impossible without overriding risks. Sharing data from the AWACS in Saudi Arabia is not a feasible option for a variety of technical and other reasons. Nevertheless, even strategic intelligence can play a significant role.

Of all the options reviewed by the IG, this option has the greatest attraction. It could have an immediate impact on the war and it maintains at least some degree of deniability.

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Executive Secretary

7/26/82

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